1969 Annual Report

To our Stockholders, Employees and Customers:

The Decade of the Sixties concluded in an outstanding manner. Your company in 1969 set significant records, split its stock two-for-one, and completed four important acquisitions.

Sales reached a record level—the ninth year of successive new highs. Total sales were $115.7 million, a 27-percent increase over the $90.9 million recorded in 1968.

Earnings were the highest in the company's history, totaling $5.8 million, equal to $1 per share. This represents a 14-percent increase over the 88 cents per share earned in 1968.

A 15.5-percent return on invested capital was achieved. We are now reaching our corporate goal of a minimum of 15 percent in this area.

In November the common stock was split two-for-one and the cash dividend increased 14 percent to a quarterly rate of 10 cents per share or an indicated annual rate of 40 cents.

The stock split was the second in as many years; the dividend increase, the ninth since 1961. These actions reflect our belief that the stockholders should directly participate in the benefits that result from the company's growth and progress.

Internal research and development continues to

provide the main thrust behind our growth. Expenditures were over $3 million--a record.

In 1969 your company was again active in the acquisition field. Our policy here is quite simple. We seek to acquire firms with product lines compatible with our own. Our objective is to broaden our business base and enhance growth and profitability.

Each possible acquisition is carefully analyzed to determine its potential benefit with an objective to provide an enrichment to Coleman in three areas: earnings per share, net profit on sales and return on equity capital.

Four acquisitions were made in 1969, each handled on a pooling-of-interest basis.

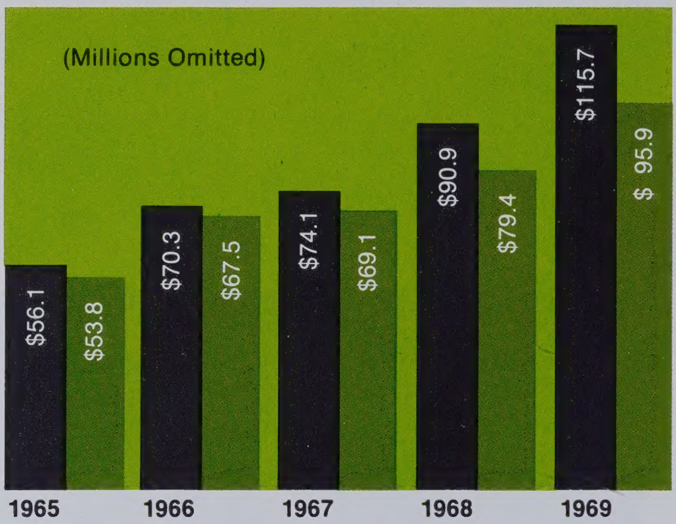
Three of the acquisitions, Sattler Manufacturing Corporation, La Salle Lighting Fixtures Company, and Powerhouse Manufacturing, Inc., increased our participation as a major supplier of specialized lines of equipment to the recreational vehicle industry.

Our fourth acquisition, Skiroule Ltée, an important manufacturer of snowmobiles, fulfilled a significant objective of the company. That goal was to enter the sports vehicle field with a winter product line that complemented, from a seasonal standpoint, our present selection of outdoor recreation equipment.

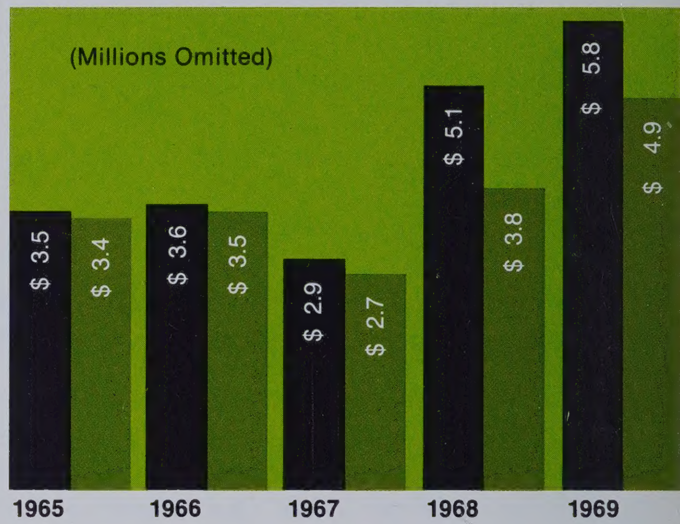
Sheldon and Galey Coleman are two of the millions of Americans actively participating each year in outdoor recreation. On numerous camping trips, new products are personally field-tested for reliability and performance before they are introduced to the consumer.

WITH 1969 ACQUISITIONS
WITHOUT 1969 ACQUISITIONS

NET SALES



NET INCOME



At the top of these two pages are four important charts depicting the Coleman story for five years, both with and without the 1969 acquisitions.

During this period, there has been one year in which our growth and progress were hampered. The results of 1967 were caused by the complete liquidation of our European manufacturing operations and other items. All were nonrecurring in nature and clearly divorced from the mainstream of our business activity.

We are proud of Coleman's growth during this period, doubling both sales and earnings. This has been due to five factors:

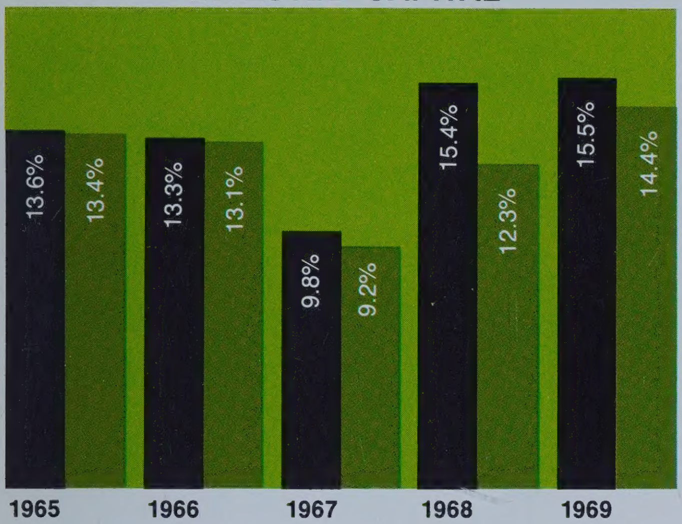
1. Concentration on markets with a growth rate at least double that of the gross national product;
2. Establishing strong, nationwide distribution systems for these markets;
3. A program of diversification through research, development and acquisition with the result 35 percent of sales in 1969 came from products we were not manufacturing five years ago;
4. A dedication to high standards of quality and service;
5. Building and maintaining a young and experienced management group.

So much for the past. You are rightfully more interested in 1970 and the future. The real test of our ability to perform well has been in the first quarter of 1970. Here's the economic situation as we see it.

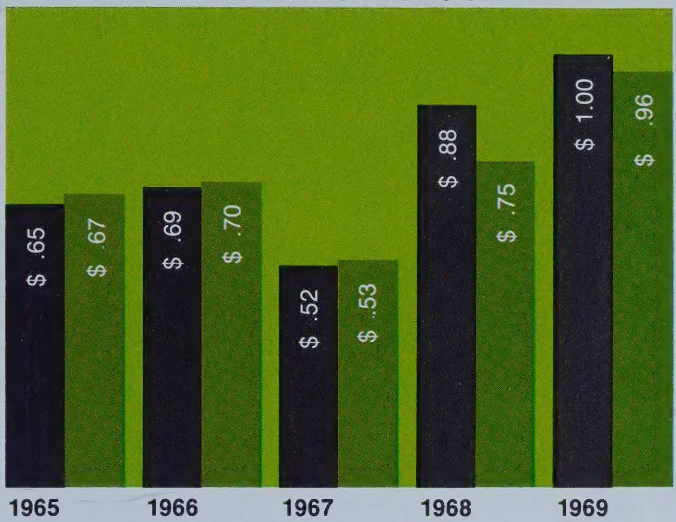
1. The economy has slowed down.
2. Industries served as a supplier are having a sharply reduced rate of growth or are below last year.
3. Our interest costs are more than double due to high rates and more money borrowed.
4. We are bringing on stream new factories with their start-up costs.
5. Tooling costs, which we expense each year, have increased over 100 percent due to new products resulting from research.

In spite of these circumstances, we had an excellent first quarter in 1970, substantially exceeding our goal of a 15-percent increase in sales and earnings.

PERCENT RETURN ON INVESTED CAPITAL



EARNINGS PER SHARE OF COMMON STOCK



Compared to the record-breaking first quarter of 1969, this year showed a 23-percent increase in sales and a 26- percent increase in earnings.

	1st Qtr. 1970	1st Qtr. 1969
Sales	$34,228,000	$27,792,000
Net Income	1,966,000	1,565,000
Earnings Per Share	.34	.27

To correctly analyze this result, it is important to understand that it was a balanced performance by all major segments of our business. All groups—Outing Products, Special Products and Canadian Coleman—contributed their full share, recording a substantial improvement over last year. This included product lines we supply to the recreational vehicle and mobile home industries.

We could do better for the year as a whole than we did in the first quarter should the industries we serve and the general economy show improvement later this year.

It would be easy for us to make 1970 look even better by reducing expenses and coasting on past momentum. This we have not done. Rather, we decided to drive ahead on worthwhile projects, looking to 1971 and the years beyond. This course of action we believe will pay off handsomely in the future.

Three additional factors concerning 1970 are worthy of note.

1. Price increases averaging four to five percent, which were put into effect late in 1969, have all held firm.
2. We will get some help in 1970 from the reduction in the surtax. We are budgeting an average rate of 2.5 percent for the year.
3. We have no labor contract to negotiate. Probably the best part of a stabilized labor situation is not just the absence of strike potential, but rather we can concentrate the full time and energies of our people on constructive activities.

The problems, the challenges, the opportunities for 1970 are manifold. We pledge our best efforts to make this year one of which we can all be proud.

Sheldon Coleman
PRESIDENT

Serving the recreation market

Coleman and outdoor recreation are synonymous to millions of Americans. In 1969, 70 percent of sales were products designed, manufactured and marketed specifically to this segment of the economy. These items included camping and related products, equipment for the recreational vehicle industry, merchandise for the patio and backyard, and snowmobiles.

Serving the recreation market are seven divisions: the Outing Products, Sports Vehicle and Skiroule Divisions from the Outing Products Group; the Recreational Vehicle Equipment Division from the Special Products Group; and the Outing Products, Special Products and Export Divisions of The Canadian Coleman Company, Ltd.

Oldest and largest of these divisions is the Outing Products Division. Throughout the United States, over 20,000 retail outlets offer to outdoor enthusiasts more than 60 individual products from the Division's eight major lines of equipment. It is almost impossible to find a significant channel of distribution at the consumer level which does not stock, on a year-round basis, a substantial quantity of Coleman outing products. These items—consisting of lanterns, camp stoves, coolers, jugs, catalytic heaters, tents, sleeping bags and camping accessories—are purchased by individuals and families who participate in all types of outdoor recreation.

Coleman's Mach II air conditioner, aerodynamically styled for recreational vehicles, provides a cool atmosphere for summertime refreshment regardless of exterior temperatures. Easily installed, the lightweight unit provides 12,000 Btu's of cooling power and four fan settings. A compact design, it projects only 1½ inches inside the unit delivering four-way controlled air discharge.

An elegant tailgate picnic is easily accomplished with Coleman outing products. The lobster Newburgh, prepared at home, is quickly reheated on a Coleman LP-gas picnic stove. The balance of the meal is kept refrigerator-fresh in a Coleman convertible cooler. Iced beverages are available at the press of a button from a Coleman Snow-Lite jug. Both units feature urethane insulation.


MIDWAY USA

The primary participant in outdoor recreation and the purchaser of Coleman outing products are the young families. Between ages of 25 and 35, they have two children and an income in the $10 to $15,000 range.

Holding a highly skilled or white collar job, they have at least a high school education and live outside the urban core area. At a minimum, one major camping journey is taken each year, covering over 1,000 miles and lasting approximately 12 days. This form of recreation is no longer confined to the long excursion of summer evidenced by five to eight weekend trips. Not restricted solely to the rugged type, it is estimated that this description accurately defines over 80 percent of America's 10.5 million camping families.

The products which they purchase are used in a wide variety of outdoor pursuits throughout the year. Reflecting these trends are two factors: first, an industry growth pattern in excess of 10 percent per year; second, a marked shifting in sales patterns demonstrating the change to a greater year-round popularity. In 1969, only 53 percent of the division's total volume was in the first six months, with 47 percent in the final two quarters.

A result of Coleman research and development, the Solar-Mite furnace provides 9,000 Btu's of compact heating for the smaller recreational vehicle. It offers automatic thermostat controls, flexible installation. A major safety feature is sealed combustion, totally separating combustion and heat air.

Recreational vehicles have the convenience of hot and cold running water with products of Coleman-Powerhouse. Acquired in 1969, this subsidiary markets to over 300 manufacturers a complete line of water system components: pumps, air compressors, accumulator tanks and backflow preventers

From the new Holiday eye-level range, a steak-bake with tangy muffins. Designed exclusively for use in recreational vehicles, it means total cooking convenience in the kitchen-on-the-move. Sattler Mfg., acquired in 1969, expanded Coleman's product line for this industry to include cooking appliances, ranges, ovens and hot plates.

In 1969 the sale of Coleman outing products set an all-time high, with increases exceeding 20 percent on every product line. This success is particularly significant because 1968 results were also of record proportion.

The sales performance of 1969 has continued into the first quarter of 1970. In the first seven months of the 1969-70 sales season, which started in September of last year, a substantial increase has been achieved.

There are many factors which must be considered in analyzing this consistently high level of business activity. Of major importance was a recognition that economic conditions would challenge continued success in the marketplace. Effective programs were developed to combat consumer reluctance, dealer financial limitations and cost pressures. In addition, we have been aided by the obvious monetary benefits which camping provides to the vacationing family. While certainly this industry is not recession proof, there is clear evidence that periods of economic contraction work to our benefit as consumers revert to this less costly form of leisure-time enjoyment.

In 1969, the Camping Trailer Division was renamed the Sports Vehicle Division. It is responsible for the production and distribution of camping trailers, marketing in the United States of Skiroule snowmobiles, and the development of other sports vehicles.

Known as a tent-on-wheels, six camping trailer models are distributed nationally through over 400 dealers. Unit shipments increased 62 percent in 1969 over the prior year in spite of a nine-week strike.

Utilized in almost every outdoor pursuit, the famous Coleman lantern is joined by the new lantern carrying case as an underwater explorer prepares for an evening of adventure.

Comfortable outdoorsmen know there is a Coleman sleeping bag for every season and purpose. This model, one of 16 in the Coleman line, features a zip-in lining of either flannel or sheeting.

Campsite menus are unlimited with a Coleman camp stove, cooler and jug. Skillet paella and fresh garden salad are just two of the variations made possible by modern equipment. For portable food and beverage preparation and preservation, Coleman markets on a nationwide basis three major product lines, totaling 19 different models.

It is our estimate the camping trailer industry will not experience any growth in 1970, with about 100,000 units produced. In spite of this plateau, a greater strength in our dealer network, improved products and aggressive merchandising will enable Coleman to increase sales and earnings confirming a belief in the long-term future of this market.

The newest division in the Outing Products Group is the Skiroule Division located in Wickham, Quebec. Acquired in 1969, Skiroule is one of the leading producers of snowmobiles in the world and provides Coleman the opportunity to participate in this major product line for outdoor fun during cold weather months.

The snowmobile industry represents a modern business phenomenon. Originally built for utility purposes in areas of heavy snowfall, the contemporary machine bears little similarity to its forerunners in size or style. Its purchaser is as changed as the unit, the current models being a family vehicle for wintertime recreation.

Reflecting the amazing popularity of snowmobiles, has been the industry growth in the past five years. In the 1964-65 season, approximately 33,000 were produced. By the 1969-70 season, this figure grew 15 times to an estimated 500,000 units.

During the past season, Skiroule manufactured and sold about 20,000 machines across North America, compared to 10,000 in 1968. Plant facilities are currently being doubled.

Even a big family of eight can enjoy the great outdoors in total comfort with a Coleman CT 490 camping trailer. One of six models, its over-21-foot open length reduces to just 11 feet for travel. A low-profile road height of 44 inches creates a safety-conscious, yet stylish, design.

For maximum lighting with decorator styling and installation versatility, recreational vehicle manufacturers select the new Coleman-LaSalle 12-volt fluorescent Touch 'n Glo Lite. Acquired in 1969, this subsidiary produces fluorescent and incandescent lighting fixtures.

The lure of the outdoors means the patio as well as the campsite. For backyard banquets, Coleman manufactures three models of grills, each a scientific cooking machine capturing the delicate, smoky flavor of outdoor cooking but with the convenience of natural or LP-gas.


skiroule rt-600

An important aspect of Coleman's involvement in the recreation market is the Recreational Vehicle Equipment Division of the Special Products Group. In 1969 the Division established record sales and earnings on the five product lines it sells to manufacturers for installation as original equipment in pickup truck-mounted campers, travel trailers and motor homes.

Warm in the winter, air-conditioned in the summer, well-lighted, equipped with complete kitchen facilities and the convenience of hot and cold running water, today's recreational vehicle certainly qualifies as a home-on-wheels. Coleman products are responsible for each of these enjoyable aspects for those living and playing in the great outdoors.

To increase Coleman's association with the recreational vehicle industry beyond the firmly established lines of heating and air conditioning, three acquisitions were completed in 1969:

Sattler Manufacturing Corporation, a leading producer of specialized cooking appliances, ranges, ovens and hot plates marketed under the brand name Holiday;

LaSalle Lighting Fixtures Company, a major manufacturer of fluorescent and incandescent lighting equipment that operates either off 12-volt batteries or 115-volt electricity;

Powerhouse Manufacturing, Inc., the country's largest producer of vehicle water-system components: pumps, air compressors, accumulator tanks and backflow preventers.

In 1969, this Division sold 30 percent of all recreational vehicle furnaces, cooking and lighting equipment, 40 to 50 percent of the water systems and air conditioning. We believe this industry will overcome its slow start, finishing ahead of 1969. With new products, Coleman should improve its market penetration.

The principal reason for the amazing popularity and active participation by individuals and families in winter outdoor fun is the snowmobile. Skiroule Ltée, acquired in 1969, designs, manufactures and markets across North America 15 models of these versatile sport machines. With this transaction, Coleman became associated with a proven organization, secured an effective avenue for entry into the winter products market; accomplishing both objectives in a manner compatible with long-range growth and profit goals.

Shown from interior to exterior, this Coleman Oasis tent is just one of 16 models available to camping enthusiasts throughout the country. There is a style, size, price, color and distinctive design to meet individual requirements, from two-man to king-size family accommodations. Coleman is a leading manufacturer of tents in the United States.

Serving the comfort market

In mobile, modular and residential housing, Coleman serves the comfort market. In 1969, 18 percent of sales were from environmental control systems for mobile and modular markets; 12 percent from heating and air conditioning systems for residential, apartment and light commercial application.

Last year Coleman sold approximately 40 percent of all the heating and air conditioning produced for the mobile home industry. A respectable position was maintained in the comfort and climate control aspects of both new and modernized conventional housing. Product research and development ensures full participation as the modular housing industry expands.

On a nationwide basis, conventional housing in 1969 experienced severe reversals. Economic conditions, spearheaded by tight and expensive money, combined to hold housing starts to 1.47 million units. This level, 2.7 percent below 1968, continued a period of stagnation and adversely affected a variety of industries.

Coleman and the selected markets it serves were an exception. Shipments to the mobile home industry established all-time records; residential, apartment and light commercial air conditioning sales requirements exceeded capacity; products for modular housing were finalized from development status.

Coleman's Presidential central air conditioning is only one of 18 models. Coupled with electronic air cleaning and humidification, they provide total climate control for owners who demand quality equipment.

This Solar-Pak electric furnace is specifically designed for mobile and modular homes. Fifteen additional models, offering a choice among all fuel sources, are custom-engineered for application in these burgeoning industries.

The result of internal development, Coleman is currently introducing this revolutionary line of gas, oil and electric furnaces for mobile and modular home markets. Pre-engineered space in the bottom of the furnace casing allows the slide-in installation of air conditioning components at the consumer level within minutes, contrasted with several hours now necessary.

To understand the reasons behind this record, it is essential to know how Coleman serves the individual market. In each instance, mobile homes, modular housing or residential construction, there is a differing set of requirements to be answered.

The mobile home industry is an excellent example of how an individual market is served. The heating and air conditioning of this modern, factory-produced housing calls for highly specialized equipment to answer unique conditions.

The same furnace, which so adequately warms the single-family residence during a winter night, will not do the job. A mobile home heating plant is not a residential unit that is located in a different type of dwelling.

This important aspect of an environmental control system must meet and successfully pass these challenges: smaller size, ease of installation, ability to be converted to a different fuel source, low noise level, economy of operation and others. They must pass a variety of codes, including those of Underwriters' Laboratories, American Gas Association, industry, states and cities. To a major degree, mobile home air conditioning must also equal these requirements.

Coleman, through internal research and development efforts, supplies to manufacturers as original equipment products that answer this exacting set of criteria. For owners, a nationwide network of over 1,200 independent outlets, stocking replacement parts and staffed by factory-trained personnel, provide prompt, reliable service.

Mobile home sales in 1969 were in dramatic contrast to the balance of the housing industry, posting a 29 percent rise over a record 1968 to over 410,000 units. Coleman fully participated in this performance. In 1970, in spite of the industry's slow start, Coleman estimates a 10 percent industry growth with our company continuing to increase its market position.

To a significant degree, the specialized knowledge necessary to serve the mobile home market finds application in the still infant modular housing industry. Coleman believes that factory-built housing will play an increasingly important role in the decade of the 70's and has taken the necessary steps to profit from its growth.

Appetites are sharpened in the great outdoors. With light from a Coleman lantern, breakfast is quickly prepared on a Coleman camp stove deep in a Canadian forest. Per capita sales of Coleman outing products in Canada exceed those in the U.S.

Serving the international market


Coleman
Coleman

Serving three markets—recreation, comfort and export—is The Canadian Coleman Company, Ltd., currently celebrating its Golden Anniversary Year. In 1969, 8 percent of sales came from this wholly owned subsidiary.

Specifically targeted on the Canadian domestic market are the Outing Products and the Special Products Divisions. Export activities are under the direction of the Export Division. All operate from the Company's Toronto headquarters.

The Canadian Outing Products Division in 1969 established all-time performance records. Offering six major lines of equipment and over 30 individual models, this division maintained a leadership position in supplying products for enjoyable and comfortable outdoor living.

The Canadian Special Products Division is an important factor in the residential, mobile home, recreational vehicle and patio markets. Coleman's position as a major supplier of equipment in these areas is particularly strong.

With 70 years' experience, the Export Division in 1969 was an active participant in 133 foreign markets and continued to make a satisfactory profit contribution.

New products can create an opportunity in widely diverse areas. Coleman's increased activity in Europe is an example; items for both outdoor recreation and heating are being vigorously promoted. In the Middle and Far East, a new lantern provides improved sales potential.

Research and development have consistently produced economically viable products. The company believes the numerous items to be introduced during 1970 by Canadian Coleman will enhance an improved sales and earnings performance.

For sophisticated picnics around the world, Coleman supplies two key elements: a Dura-Bond cooler and jug. Constructed from high impact plastic, they have urethane insulation for maximum thermal efficiency, a stain and odor resistant, one-piece molded liner, and stylish design.

For North American and export markets, Coleman manufactures a wide range of specialized products. Oil and gas space heaters and kerosene lanterns are only two, designed and produced to meet the unique requirements of differing markets throughout the world.

A accountants' report

Board of Directors
The Coleman Company, Inc.
Wichita, Kansas

We have examined the consolidated financial statements of The Coleman Company, Inc. and its subsidiaries for the year ended December 31, 1969. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously made a similar examination of the financial statements for the preceding year.

In our opinion, the accompanying balance sheet and statements of income and stockholders' equity present fairly the consolidated financial position of The Coleman Company, Inc. and its subsidiaries at December 31, 1969, the consolidated results of their operations and the changes in stockholders' equity for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wichita, Kansas
April 10, 1970

Ernst & Ernst

consolidated statement of I income

	Years Ended December 31,		
	1969	1968	
		Restated-Note A	As Previously Reported
	(Thousands of Dollars)		
Net Sales	$115,745	$90,903	$79,437
Other Income	325	255	240
	116,070	91,158	79,677
Cost of sales	84,215	65,931	58,140
Selling, administrative, and general expenses	17,696	13,146	12,078
Interest	1,291	937	867
Other deductions	795	618	618
	103,997	80,632	71,703
INCOME BEFORE INCOME TAXES	12,073	10,526	7,974
Income taxes, including deferred federal income taxes of $154,000 in 1969, and $140,000 in 1968	6,293	5,458	4,140
NET INCOME	$ 5,780	$ 5,068	$ 3,834
Net income per share of Common Stock (based upon weighted average shares outstanding excluding Treasury Stock—Note G)	$1.00	$ .88	$ .75

See notes to consolidated financial statements.

Consolidated balance sheet

ASSETS	1969	1968 Restated-Note A	1968 As Previously Reported
		(Thousands of Dollars)	
CURRENT ASSETS			
Cash	$ 3,669	$ 2,585	$ 1,706
Trade accounts receivable, less allowances of $308,000, 1969; $242,000, 1968 restated	19,684	13,865	12,364
Inventories at the lower of cost (first-in, first-out method) or market:			
Finished products	18,473	12,225	11,121
Work in process and materials	17,337	11,123	10,565
	35,810	23,348	21,686
Prepaid expenses	720	331	178
TOTAL CURRENT ASSETS	59,883	40,129	35,934
INVESTMENT AND OTHER ASSETS			
Non-competitive agreement at cost—Note B	1,526		
Sundry deposits and accounts receivable	716	1,038	971
PROPERTY, PLANT, AND EQUIPMENT—Note C			
Land	975	967	777
Buildings and improvements	15,325	13,958	13,271
Machinery and equipment	17,353	16,161	15,315
Construction in progress (estimated additional cost to complete—$7,453,000)	2,392		
Less allowances for depreciation	(15,001)	(13,704)	(13,223)
	21,044	17,382	16,140
	$83,169	$58,549	$53,045

LIABILITIES	1969	1968 Restated-Note A	1968 As Previously Reported
CURRENT LIABILITIES			
Notes payable to banks	$15,387	$ 796	$ 400
Trade accounts payable	11,811	6,363	5,667
Salaries, wages, and bonuses	1,718	1,543	1,520
Accrued expenses—Note D	1,655	1,121	978
Income taxes	1,779	2,613	1,522
Current maturities of long-term liabilities	968	173	107
TOTAL CURRENT LIABILITIES	33,318	12,609	10,194
LONG-TERM LIABILITIES—Note E	9,615	10,318	9,591
DEFERRED FEDERAL INCOME TAXES—Note C	801	648	665
STOCKHOLDERS' EQUITY—Notes E, F, and G			
Common Stock	5,897	13,173	12,839
Additional paid-in capital	9,225	1,268	1,284
Retained earnings	24,374	20,552	18,491
Less cost of treasury stock, 1969—3,030 shares; 1968—2,124 shares	(61)	(19)	(19)
	39,435	34,974	32,595
	$83,169	$58,549	$53,045

See notes to consolidated financial statements.

Coleman The Coleman Company

consolidated statement of stockholders' equity

	Period of Two Years Ended December 31, 1969				
	Common Stock		Additional		
	Shares	Amount	Paid-In Capital	Retained Earnings	Treasury Stock
			(Thousands of Dollars)		
Balance at January 1, 1968 as previously reported	1,276,145	$ 6,381	$ 961	$22,670	($331)
Acquisition of pooled Companies—Note A	334,012	334	(16)	638	
Balance at January 1, 1968 as restated	1,610,157	6,715	945	23,308	(331)
Stock options exercised	7,768	39	210		
Treasury Stock (41,416 shares) issued under Employee Stock Purchase Plan			113		398
Treasury Stock (6,392 shares) purchased					(86)
Cash dividends paid $.31 per share				(1,593)	
Net income as restated				5,068	
Adjustment for income of pooled businesses omitted in conforming to Coleman Company, Inc. calendar year				188	
Two-for-one split of Common Stock outstanding—par value of shares issued	1,283,913	6,419		(6,419)	
Balance at December 31, 1968	2,901,838	13,173	1,268	20,552	(19)
Stock options exercised	15,966	43	238		
Common and Treasury (6,190 shares) Stock issued under Employee Stock Purchase Plans	811	1	39		102
Treasury Stock (7,096 shares) purchased					(144)
Cash dividends paid $.36 per share					
Reduction of par value from $5.00				(1,948)	
to $1.00—Note G		(10,299)	10,299		
Common Stock issued in connection with non-competitive agreement—Note B	30,000	30	1,310		
Dividend paid by pooled business prior to acquisition				(10)	
Net costs and investment in 1969 related to acquisition of pooled businesses—Note A			(980)		
Net income				5,780	
Two-for-one split of Common Stock outstanding—par value of shares issued—Note G	2,948,615	2,949	(2,949)		
Balance at December 31, 1969	5,897,230	$ 5,897	$ 9,225	$24,374	($ 61)

Shares of Treasury Stock reflected above have been adjusted for the Stock Splits declared in 1968 and 1969.
See notes to consolidated financial statements.

Notes to consolidated financial statements

December 31, 1969

NOTE A—PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all domestic and Canadian subsidiaries for the year ended December 31, 1969, except for Skiroule Ltée which is included for the fiscal year ended February 17, 1970. The accounts of the Canadian subsidiaries were converted at appropriate exchange rates.

During 1969 the Company issued 334,012 shares of its Common Stock, plus cash in the amount of $932,300 in the acquisition of four businesses. These acquisitions have been treated for accounting purposes as poolings of interest, and the accounts of the acquired businesses have been included in the financial statements for 1969 and 1968 restated.

NOTE B—NON-COMPETITIVE AGREEMENT

The Company has entered into a non-competitive agreement for a fifteen year period with two employees of Skiroule Ltée in exchange for 30,000 shares of Common Stock and $186,460 in cash. The Company intends to amortize this amount over a fifteen year period commencing January 1, 1970.

NOTE C—PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are carried at cost and depreciated over their estimated useful lives using the straight-line method. Depreciation expense for the year ended December 31, 1969, totaled $1,669,000.

Certain items of property, plant, and equipment are leased from a Pennsylvania industrial development organization. The Company has an option to purchase the facilities at any time and the transaction has been accounted for as a purchase with the related capitalized lease obligation included in long-term liabilities.

The declining balance method of computing depreciation is used for tax purposes for certain additions to buildings, machinery, and equipment. Deferred income taxes arise primarily from the differences between depreciation for financial reporting and tax reporting purposes.

NOTE D—EMPLOYEES' PENSION AND RETIREMENT PLANS

The Company has several pension plans covering substantially all of its employees, including certain employees in foreign countries. The total pension expense for the year was $427,000 which includes, as to certain of the plans, amortization of prior service costs over the period ending December 31, 1997. The Company's policy is to fund that portion of the accrued pension costs allowable as a deduction for federal income tax purposes. The actuarially computed value of vested benefits for all plans as of December 31, 1969 exceeded the pension fund assets by approximately $400,000.

NOTE E—LONG-TERM LIABILITIES

Long-term liabilities consisted of the following

	1969	1968
6½% note payable to life insurance company due in annual installments of $667,000 beginning in 1970	$7,333,000	$ 8,000,000
Capitalized lease obligation payable in monthly installments of $9,000, including interest, to 1983	1,207,000	1,293,000
Mortgage notes payable in monthly installments of $15,000, including interest, to 1979	940,000	888,000
Other unsecured notes due to 1973	135,000	137,000
	$9,615,000	$10,318,000

The loan agreement relating to the 6½% note payable contains certain restrictions regarding the payment of cash dividends, investments, and purchase of the Company's Common Stock. At December 31, 1969, approximately $8,350,000 of consolidated retained earnings was unrestricted for such purposes.

In March, 1970, the Company received the proceeds of a $1,000,000 municipal industrial revenue bond issue to be used for the acquisition of certain items of property, plant, and equipment which will be leased by the Company. The Company has the option to purchase the facilities at anytime and the transaction will be accounted for as a purchase with the related capitalized lease obligation included in long-term liabilities.

NOTE F—EMPLOYEE STOCK OPTION AND PURCHASE PLANS

During 1969 options were granted for 72,600 shares at prices ranging from $26.28 to $33.06 a share; options were exercised for 31,932 shares; and options for 2,668 shares were cancelled. At December 31, 1969, options for 209,936 shares were outstanding at prices ranging from $7.34 to $33.06 a share with a total option price of $3,782,533 and 101,000 shares were reserved for granting additional options.

All option data have been adjusted for the two-for-one split of Common Stock discussed in Note G.

At December 31, 1969, 24,189 shares of Common Stock were reserved for issuance under provisions of the Employee Stock Purchase Plan approved by the stockholders on May 20, 1969.

NOTE G—CAPITAL STOCK

During 1969 the Company increased its authorized Capital Stock to include 2,000,000 shares of Preferred Stock with a $1.00 par value and an increase in the authorized Common Stock from 3,500,000 shares to 10,000,000 shares with a reduction of par value from $5.00 to $1.00. Dividend rate, convertibility, and other preferences of the Preferred Stock will be designated by the Board of Directors at time of issuance. None of the Preferred Stock has been issued.

On November 18, 1969, the Board of Directors declared a two-for-one split of the outstanding Common Stock payable to stockholders of record January 2, 1970. These shares were distributed to shareholders on January 16, 1970, and have been included in the outstanding shares as of December 31, 1969, for financial statement purposes.

Corporate data

DIRECTORS
Sheldon Coleman, Chairman of the Board
Albert O. Beyer, Retired Senior Vice President, San Antonio
Clarence Coleman, President, Union National Bank of Wichita
Marco F. Hellman, Senior Partner, J. Barth & Co., San Francisco
Charles R. Henry
Lawrence M. Jones
G. Lawrence Keller
Charles G. Koch, Chairman of the Board and President, Koch Industries, Inc., Wichita
Willard F. Rockwell, Jr., Chairman of the Board, North American Rockwell Corporation, Pittsburgh
William T. Sesnon, Jr., Independent Oil Producer, Los Angeles
Frank Shaw
Wesley H. Sowers, Management Counsel Wichita
N. Eldon Tanner, Second Counselor in the First Presidency and Minister of Religion, The Church of Jesus Christ of Latter-Day Saints, Salt Lake City
Dwane L. Wallace, Chairman of the Board, Cessna Aircraft Company, Wichita
Lyle C. Whealy, President, The Canadian Coleman Company, Ltd., Toronto

OFFICERS
Sheldon Coleman, Chairman of the Board and President
Clarence Coleman, Vice President
Charles R. Henry, Senior Vice President
Lawrence M. Jones, Senior Vice President
G. Lawrence Keller, Vice President—Law and Corporate Development
Frank Shaw, Vice President—Corporate Coordinator
Richard A. Curry, Treasurer
Chas. C. Tilford, Secretary
Paul W. Keesling, Assistant Treasurer

CORPORATE ADDRESS
250 North St. Francis Avenue
Wichita, Kansas 67202

CONSOLIDATED SUBSIDIARIES
The Canadian Coleman Company, Ltd.
9 Davies Avenue
Toronto, Ontario, Canada
Skiroule Ltée
Route 13, Wickham
Cte Drummond, Quebec, Canada
Sattler Manufacturing Corporation
9313 Sorenson Street
Santa Fe Springs, California 90670
Powerhouse Mfg., Inc.
9233 Santa Fe Springs Road
Santa Fe Springs, California 90670
La Salle Lighting
9233 Santa Fe Springs Road
Santa Fe Springs, California 90670

TRANSFER AGENTS
Manufacturers Hanover Trust Company
New York, New York
The Fourth National Bank and Trust Company, Wichita
Wichita, Kansas

REGISTRARS
The Chase Manhattan Bank, N.A.
New York, New York
Union National Bank of Wichita
Wichita, Kansas

DIVIDEND DISBURSING AGENT
Manufacturers Hanover Trust Company
New York, New York

GENERAL COUNSEL
Foulston, Siefkin, Powers & Eberhardt
Wichita, Kansas

AUDITORS
Ernst & Ernst
Wichita, Kansas

ANNUAL MEETING
May 19, 1970, Wichita, Kansas

MANUFACTURING FACILITIES
250 North St. Francis Avenue
Wichita, Kansas 67202
801 East 37th Street North
Wichita, Kansas 67219
RD No. 2
Somerset, Pennsylvania 15501
597 North 1500 West
Cedar City, Utah 84720
9233 Santa Fe Springs Road
Santa Fe Springs, California 90670
9313 Sorenson Street
Santa Fe Springs, California 90670
15 North Queen Street
Etobicoke, Ontario, Canada
9 Davies Avenue
Toronto, Ontario, Canada
Route 13, Wickham
Cte Drummond, Quebec, Canada

consolidated 10 year summary of financial data

Years Ended December 31

	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
OPERATIONS in thousands of dollars Net Sales	$115,745	$90,903	$74,099	$70,344	$56,132	$51,103	$47,690	$45,019	$39,290	$38,298
Income before Taxes*	12,073	10,526	5,436	7,000	6,816	5,858	4,717	3,572	1,570	823
Net Income	5,780	5,068	2,923	3,646	3,451	2,868	2,249	1,483	701	278
Depreciation	1,669	1,422	1,154	947	804	754	811	814	818	817
Percent Return on Net Sales	5.0%	5.6%	3.9%	5.2%	6.1%	5.6%	4.7%	3.3%	1.8%	.7%
Percent Return on Invested Capital	15.5%	15.4%	9.8%	13.3%	13.6%	12.1%	10.3%	7.2%	3.5%	1.4%
FINANCIAL POSITION in thousands of dollars Working Capital	26,565	27,520	25,348	17,807	15,301	15,939	14,796	15,259	14,844	14,852
Current Ratio	1.8 to 1	3.2 to 1	3.3 to 1	2.2 to 1	2.5 to 1	3.3 to 1	3.7 to 1	3.6 to 1	4.3 to 1	3.2 to 1
Net Worth	39,435	34,974	30,614	28,665	26,110	24,668	22,708	21,047	19,957	19,580
COMMON STOCK** Earnings per Share	1.00	.88	.52	.69	.65	.54	.43	.29	.13	.05
Dividends per Share	.36	.31	.30	.30	.26	.20	.14	.09	.06	.10
Book Value per Share	6.79	6.08	5.44	5.45	4.92	4.68	4.38	4.13	3.94	3.87
Shares Outstanding	5,808,882	5,748,504	5,631,206	5,262,390	5,303,964	5,274,174	5,185,470	5,093,182	5,064,200	5,056,888
Price Range—High	35.81	20.25	11.50	11.97	9.38	7.32	5.32	2.50	1.72	2.07
—Low	17.63	9.78	7.13	7.00	6.85	4.83	2.33	1.60	1.32	1.29

Amounts for prior years have been restated to include businesses acquired during 1969 accounted for on a pooling-of-interest basis.

*** After provision for losses of certain European subsidiaries of $1,436,000 in 1967 and $1,099,000 in 1966.**

**** All common stock figures in this section are based on weighted average shares outstanding.**

Litho U.S.A.